

आयकर अपीलीय अधिकरण न्यायपीठ, कोचीन
IN THE INCOME TAX APPELLATE TRIBUNAL, COCHIN

माननीय इंटूरी रामा राव, लेखा सदस्य एवं
माननीय श्री मनु कुमार गिरि, न्यायिक सदस्य के समक्ष
**BEFORE HON'BLE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND
SHRI HON'BLE MANU KUMAR GIRI, JUDICIAL MEMBER**

आयकर अपील सं./ ITA No. 730/Coch/2025
निर्धारण वर्ष /Assessment Year: 2017-18

Midhun Krishnan,
TC 26/1520, Sakthi Nivas,
Rishimangalam,
Vanchiyooou,
Trivandrum – 695 035.
PAN: BBEPK 8886L

Vs. The Income Tax Officer,
Ward-1(2),
Trivandrum.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by
प्रत्यर्थी की ओर से /Respondent by

: Shri KMV Pandalai, Advocate
: Smt. Leena Lal, Snr AR

सुनवाई की तारीख/Date of Hearing

: 04.11.2025

घोषणा की तारीख /Date of Pronouncement

: 28.11.2025

आदेश / O R D E R

PER MANU KUMAR GIRI (Judicial Member):

The captioned appeal filed by the assessee is directed against order of the Ld. Commissioner of Income Tax (Appeal)/NFAC, Delhi ['CIT(A)' in short] dated 16.09.2025 for Assessment Year 2017-18



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confirming imposition of penalty u/s.271D of the Income tax Act, 1961 ('Act' in short).

2. Brief facts are that the assessee filed his return of income for AY 2017-18 declaring total income of Rs.2,79,580. Assessment was completed u/s 143(3) on 19.12.2019 accepting the returned income. During assessment, the Assessing Officer noted cash deposits of Rs.22,23,000 on 27.10.2016, stated to be part of sale consideration of land. Based on this, a penalty notice u/s 271D was issued alleging violation of section 269SS.

3. The assessee explained that he sold two plots in the same locality. First plot sold for Rs.28 lakhs through banking channels. Second plot sold for Rs.31.23 lakhs. Out of this, Rs.9 lakhs was transferred by bank, and the balance amount was brought by the purchaser in cash at the time of registration. The assessee submitted that the buyer unexpectedly brought the remaining amount in cash at the time of completing the registration formalities. The assessee had no bargaining power and was under pressure to complete the transaction as registration was already scheduled and both parties were present. He immediately deposited the entire cash into his bank



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on the same day. The full sale consideration (including cash) was properly disclosed in the return of income. The entire sales proceeds were invested in construction of a residential house (claimed u/s 54).

4. The assessee has taken a 'reasonable Cause'. The circumstances show that the assessee had no prior intention of accepting cash. The buyer brought cash suddenly on the date of registration, leaving the assessee with no real option to postpone or refuse completion. The assessee did not utilise the cash personally or keep it unaccounted, instead he deposited it in his bank the same day, evidencing bona fides. The assessee disclosed the entire transaction in the return of income, removing any possibility of tax evasion. These facts establish reasonable cause within the meaning of section 273B. Judicial precedents consistently hold that where the identity of the payer, genuineness of the transaction, and source of funds are accepted, and there is no intention to evade tax, penalty u/s 271D should not be imposed. Section 271D is not meant to punish technical or venial breaches but only serious violations with mala fide intent (*Hindustan Steel Ltd.* 83 ITR 26 SC). The Hon'ble Bombay High Court



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in the cases of *Ajitnath Hitech Builders 416 ITR 316 and Triumph International Finance*, INCOME TAX APPEAL NO.5746 OF 2010 dated 12.06.2012 has held that where genuineness of transaction was never questioned and acceptance of cash was due to commercial or practical compulsion, courts have deleted penalties. The facts of the assessee's case fit squarely within these principles.

5. After considering the submissions of both parties, documents, and circumstances, the transaction is genuine and fully recorded in books. The assessee had no intention to contravene section 269SS. Further, in the absence of any finding recorded in the assessment order or in the penalty order to the effect that the deposit was not a bonafide transaction and was made with a view to evade tax. The cash was accepted only due to compulsion created by the buyer at the time of registration. Immediate bank deposit and full disclosure reinforce the assessee's bona fide conduct. These facts constitute a reasonable cause u/s 273B, therefore penalty u/s 271D cannot be levied.

6. In view of the above findings, it is hereby held that the assessee has established reasonable cause for acceptance of cash, and



ITA No. 730/Coch/2025
Midhun Krishnan

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therefore, the penalty imposed under section 271D of the Income Tax Act, 1961 is deleted

7. In the result, appeal filed by the assessee is allowed.

Order pronounced on 28th day of November, 2025 at Cochin.

Sd/-
(इंटूरी रामा राव)
(Inturi Rama Rao)
लेखा सदस्य /Accountant Member

Sd/-
(मनु कुमार गिरि)
(Manu Kumar Giri)
न्यायिक सदस्य / Judicial Member

Cochin, दिनांक/Dated: 28th November, 2025.

EDN/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT,
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF